

Sustainability report 2021





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Letter to stakeholders

Coronet S.p.A. recognizes corporate social responsibility as a determining factor for its own strategic development and searches for an approach aimed at enhancing the value of people within a business model oriented towards economic, environmental and social sustainability. The Company's commitment is manifested through the creation of new products, seeking higher environmental sustainability through activities aimed at reducing impacts, monitoring the use of energy resources, involving staff, communicating and building relations with stakeholders.

It is thanks to this effort, and through research into production processes that are increasingly efficient in terms of lowering energy consumption and environmentally harmful emissions, that the Company has developed, in recent years, the innovative and sustainable lines **BioVeg**, **H2O** and **Yatay**, a new generation of materials strongly oriented towards reducing the environmental footprint, certified and constantly evolving which will be officially launched in 2022.

Coronet S.p.A.'s strategic vision is based on a profound approach to values, matured over more than half a century of activity, that spurs the company to assume the role of promoter of responsible behaviors towards the community and the development of the country, in compliance with the expectations of current and future generations. Our company has undertaken the writing of its first Sustainability Report for the financial year 2020, and with the second edition for the year 2021, we want to continue to make objective and transparent the objectives we have achieved, the performance we have measured, and the goals we have set for the future.

Innovation, Research and Development, respect for the environment, ethics and transparency are the pillars of the strategy with which Coronet S.p.A. intends to best meet future challenges. Particular importance is attached to the Company's employees in every role and function to whom, on the occasion of the publication of this Sustainability Report, we would like to extend our special thanks.

The President,
UMBERTO DE MARCO



54
years of
activity

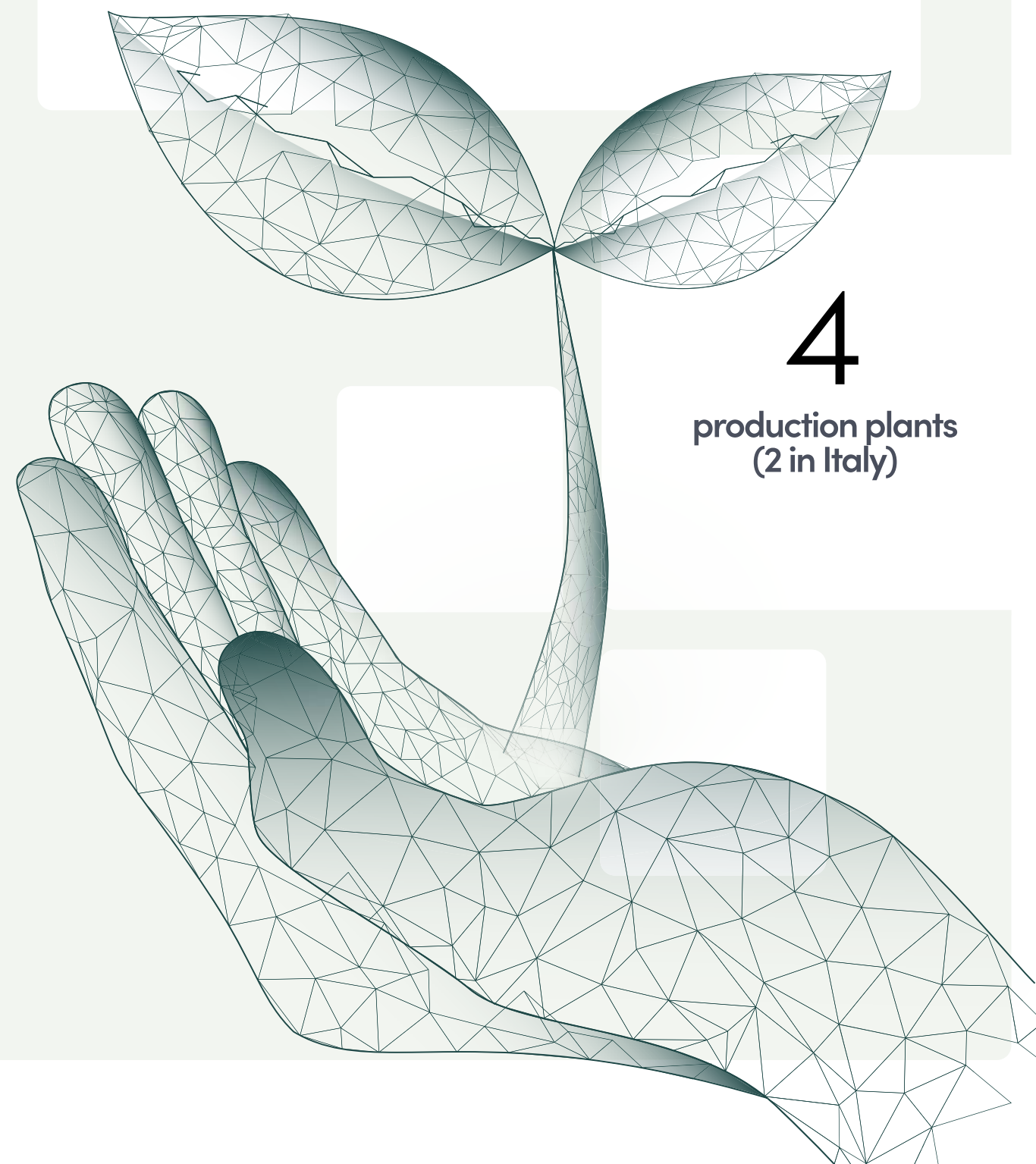
97
employees
100% full-time

16.857.800
sales revenue

1.916
linear meters of product sold by Coronet Italia
(6.535.310 linear meters by Coronet's Group)

2
product lines
focused on
environmental
sustainability:
BioVeg e Yatay

4
production plants
(2 in Italy)





*A Company with over
50 years of history*

1 Company profile



1.1 Who we are

Coronet was founded more than 50 years ago and is now active in the production of alternative materials to tanned leather for the footwear, leather goods, clothing and automotive manufacturing industries. Thanks to the perseverance and entrepreneurial spirit of its founder Enrico De Marco, Coronet has over time become one of the most innovative companies in the polyurethane coating sector, positioning itself among the world's leading companies. The constant search for quality has led the Company to the creation of innovative, qualified and highly sustainable products. Producing materials that respect the environment and can grant high quality performance has always been the Company's goal.

The path of consolidation and growth, which in recent years has taken on international significance, has therefore led to the creation of environmentally friendly product lines under the Coronet brand. In particular, the constant and conscious commitment to reducing environmental impacts has been translated into the design and development of BioVeg, the line of products made with post-consumer recycled polyester and bio polyols derived from second-generation renewable sources and characterized by the presence of a high percentage of biomass. It has also resulted in the development of the H2O line, obtained through a production process that does not use any type of chemical solvent, but only innovative water-based resins and microfibres.

Thanks to state-of-the-art techniques that are always in step with technological evolution, R&D has set as its main goal the realization of a completely solvent & water-free material.

The Company heads an international group with six production plants located in Italy, China and Vietnam, to which the recently acquired Synt3 plant is added. Coronet is present in the European market, particularly in Spain, Portugal, Germany, the Netherlands and Finland, the USA and the UK, and in the Far East market.

Furthermore, in 2022, in order to increase its skills and increase its production capacity and service to the market, Coronet S.p.A. acquired 100% of the shares of Synt3 S. r. l., a historical Italian company leader in the production of PU (polyurethane) materials, mainly intended for the paper and book covering markets.



1.2 Our branches and production facilities: an international group

Coronet's registered office is located in Italy at the following address:

Via Uberto Visconti di Modrone 2, 20121 – Milano

In addition to the administrative headquarters, business centre and beating heart of the Company, located at Via Leonardo Da Vinci 40 (Corsico - Milan), there are two production plants in Italy: the first in the municipality of **Cisterna di Latina** (LT), and the second in the municipality of **Velletri** (RM).

The Company has maintained its Italian roots, by continuing to invest in local production plants intended to supply the European markets. However, in order to access the international markets that have shown greater development in recent years, Coronet has invested in an important internationalization process through investments in Asia, where the Company has set up new production plants since 2006, in China and 2014, in Vietnam.

As already mentioned, the acquisition of the company **Synt3 S.r.l.**, based in Erba (CO), took place in 2022.





Corsico (MI)
HQ and executive offices



Cisterna di Latina (LT)
8.000.000 linear meters



This is the group's plant where the support is produced and the bases for the sustainable lines are made. It is designated to the 'wet process' and the 'direct coating' process.

Ben Tre (Vietnam)
13.000.000 linear meters



The Vietnamese factory carries out all the activities of the production process, from the processing of raw materials to the production of the finished product (transfer coating, printing, milling, tumbling and embossing) of products destined mainly for factories producing in Vietnam and throughout South East Asia.

Velletri (RM)
6.000.000 linear meters



It is the Italian finishing plant designated to the processes of transfer coating, printing, milling, tumbling and embossing of products destined mainly for European customers.

Huizhou (Cina)
3.500.000 linear meters



It hosts all stages of the production process of the articles served in the Chinese market (transfer coating, printing, milling, tumbling and embossing).





1.3 Our History

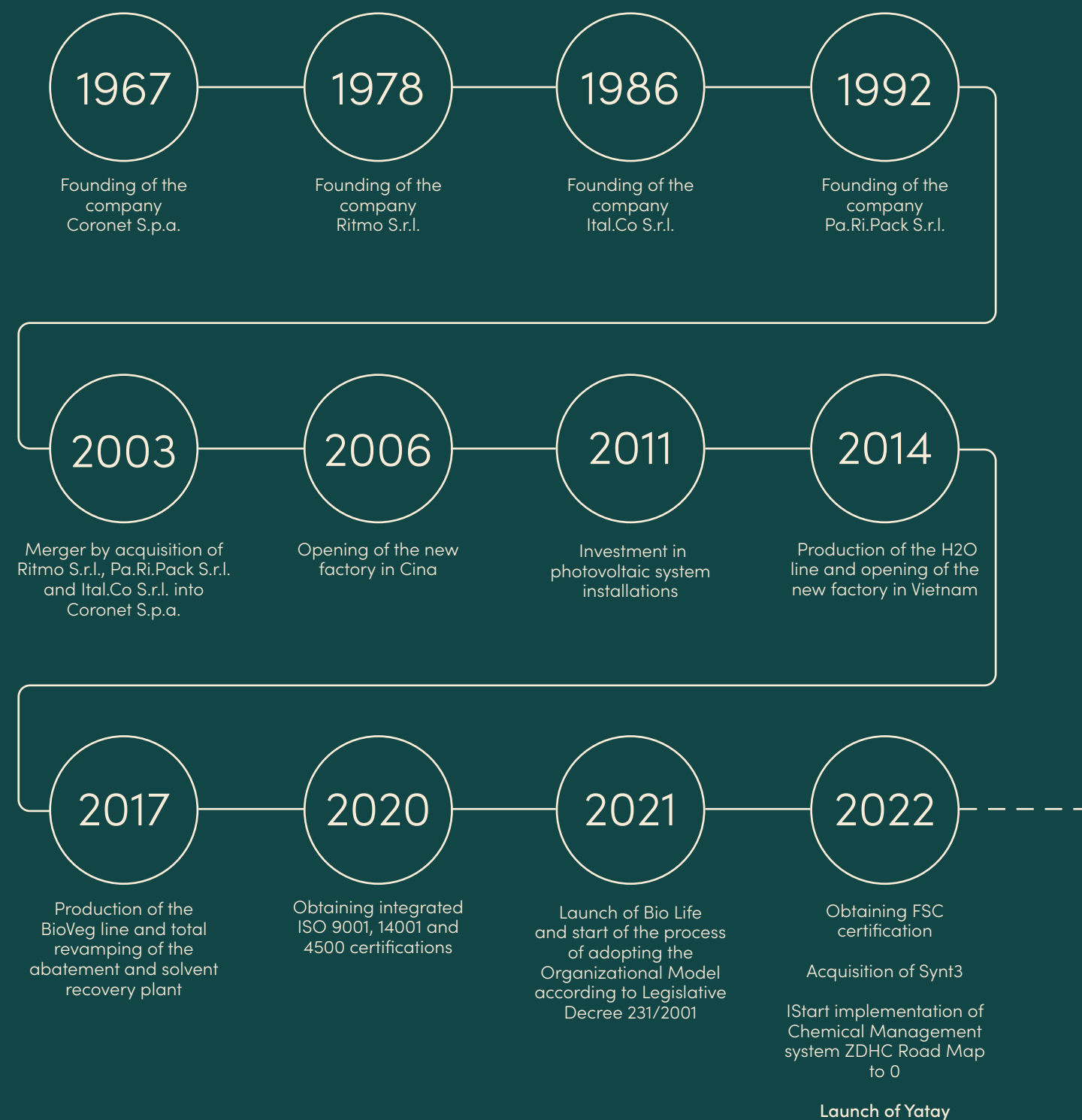
Coronet was established in 1967 from the ideas of founder **Enrico de Marco**, who led the Company until the generational transition with his son **Umberto De Marco**, over the last ten years.

Many years of experience in the industry of alternative materials to tanned leather, together with the founder's determination and vision, have immediately allowed Coronet to offer multiple alternatives and proposals, all of the highest quality and distinguished by an exclusive performance, which have made Coronet a leading company recognized worldwide for the production of technical materials for footwear and leather goods.

Between 1978 and 1992, **Ritmo S.r.l.**, **Ital.Co S.r.l.** and **Pa.Ri.Pack S.r.l.** were founded, and were subsequently merged into Coronet S.p.A. in 2003, through an extraordinary merger operation together with Pa.Ri.Pack S.r.l. Since the conclusion of this process, Coronet operates through branches in Corsico (Milan), Velletri and Cisterna di Latina.

Coronet has always been a Company with a strong international and export orientation. With the aim of not losing touch with its historical American and UK customers and expanding into the Asian market, the Company acquired a first industrial plant in China in 2006 and a further plant was started up in Vietnam in 2014, which has allowed Coronet to strengthen its commercial offer towards a thriving and rapidly expanding market.

The opening to international markets, without ever compromising its typical Made in Italy matrix, has pushed the Company to further invest in R&D for the production of new materials with a very low environmental impact and solvent-free. This focus on the environmental sustainability of products and production processes has led to the launch of two particularly innovative new product lines: **H2O**, in 2014, and **BioVeg**, in 2017.





1.4 The values, vision and mission of the Company

In the deep conviction that growth objectives must be combined with respect for the values underpinning social living and with a corporate governance implemented according to clear and shared rules, Coronet has adopted its own Code of Ethics¹. The document highlights the main values that the Group recognizes, accepts and shares, as well as the set of responsibilities that it assumes, inspired by the principles of fairness, transparency and loyalty.



LEGALITY

Coronet complies with national and EU laws and regulations and any other legislation in force in the countries where it carries out its activities.

Coronet avoids any discrimination based on nationality, race, state of health, sexuality, political opinions and religious beliefs.



IMPARTIALITY



EQUITY OF AUTHORITY

Coronet is committed to ensuring that authority is exercised impartially, fairly and equitably, avoiding any abuse of it.



BEHAVIORS IN THE FIELD OF ENVIRONMENT AND SAFETY

The environment is a primary asset that Coronet is committed to safeguarding. To this end, the Company complies with the legislation in force in each country where it carries out its activities and organizes its business and economic management in compliance with it. Furthermore, the Company works to preserve the health and safety of workers through preventive actions, and guarantees the physical integrity of its staff and working conditions that respect

individual dignity. Coronet is committed to complying with current legislation on health and safety in the workplace, to disseminating and consolidating a culture of safety, developing risk awareness and promoting responsible behavior by all employees.

Coronet undertakes to comply with current legislation on fair competition and to avoid the manifestation of any conflict of interest between personal business activities and duties.



COMPETITION AND CONFLICT OF INTEREST



LIBERALITY AND SPONSORSHIP

All acts of commercial courtesy, be they gifts, benefits or any other present, are only permitted when they are such that they cannot be interpreted as aimed at acquiring any advantage, improperly. In addition, sponsorship activities, which may relate to social, environmental, entertainment, sports and art issues, are only intended for events that offer a guarantee of quality, or for projects to which

Coronet can constructively bring its experience.

¹ <https://csr.coronetspa.it/2020/#vision>



Crafted by nature

a company recognized for its high-quality performance, made respecting the environment and the ecosystem.

The set of values that distinguishes Coronet's history and evolution are summarized in the Vision identified in the payoff 'Crafted by Nature', which is concretely translated every day into the search for productions run with innovative materials, high quality performance and respect for the environment and the ecosystem.

The ultimate goal that unites the Company's objectives, coinciding with the Company's Mission, is therefore the achievement of line production with low environmental impact, thanks to research, cutting-edge technologies and techniques, and the use of materials with a green core and high biomass percentages.

Specifically, Coronet presents itself as a leading Italian company in its field, globally recognized, which combines its historical commercial strength - based on service and quality towards the customer - with innovation, research into the environmental sustainability of the product and efficient processes that increasingly rely on digital technologies.

The growing awareness of the importance of the territory and the community has prompted the Company to set itself the goal for the coming years of becoming a 'Benefit Corporation', contributing more to the common good.

We aim to make products with a low environmental impact thanks to research, state-of-the-art technologies and techniques for the implementation of materials with a green core and high biomass percentages.



1.5 Certifications²

To ensure and enhance the constant drive towards improvement, the Company has adopted an integrated management system, i.e. an organizational tool to oversee aspects relating to the quality of its performance, its interaction with the environment and occupational health and safety. This system is certified for all plants in accordance with ISO 9001, ISO 14001 and ISO 45001.

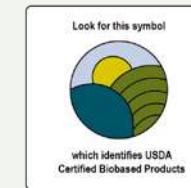
Coronet is committed to purchasing raw materials that have GRS (Global Recycle Standard) and FSC certifications, and, in the last year, acquired FSC Chain of Custody certification. On the one hand, GRS certification, which attests that the recycled polyester in the fabric originates from post-consumer salvaged material, recognizes and ensures content from recycled materials, the maintenance of traceability throughout the entire production process and the restriction of the use of chemicals.

On the other hand, FSC certification, demonstrates the correct forest management and traceability of the viscose used in the items called Veg, BioVeg: it is therefore guaranteed that the finished product has been made with raw materials from correctly managed forests.

The USDA certification certifies a Bio Based percentage of more than 25% by weight: in this regard, the company boasts exceeding 80% Bio Based content for some articles.

Finally, there are two certifications that attest to Coronet's respect for all animals: the PETA - People for Ethical Treatment of Animals certification, attributed to companies that undertake not to use raw materials of animal origin in the making of their products; and the VVV+ rating attributed by LAV Label for the Animal Free Fashion project, created to promote ethical and sustainable fashion by accompanying companies on a path of gradual elimination of animal materials from their collections.

² For more information on Coronet's certifications and ratings, please refer to the following websites:
<https://www.biopreferred.gov/BioPreferred/> , <https://www.peta.org/international/>, <https://www.animalfree.info>



The BioPreferred programme is a USDA-led initiative that aims to assist in the development and expansion of markets for bio-based products . The aim of the programme is to stimulate economic development, create new jobs and provide new markets for agricultural products. Increasing the development, purchase and use of bio-based products reduces dependence on oil, increases the use of renewable agricultural resources and helps reduce negative environmental and health impacts.



LAV project was created to promote ethical, sustainable and animal-friendly fashion. It emphasizes the commitment of companies with their own ethical rating: Coronet, which does not use any animal derivatives, has been rated VVV+, the best level of the rating devised.

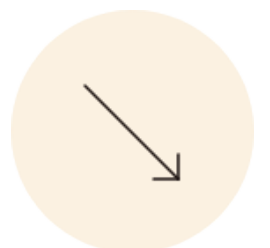


It is the world's largest organization that defends animal rights through important initiatives. The 'PETA-approved Vegan' logo therefore becomes an acknowledgement of a reality guided by strong ethical values.



International certification guaranteeing the use of products containing wood from well-managed and responsible forests according to strict environmental, social and economic standards.

CERTIFICATE NUMBER:
INT-COC_001689 INT-CW-001689





It specifies the requirements for an occupational health and safety management system and provides guidance for its use, to enable organizations to provide safe workplaces by preventing work-related injuries and health problems.

CERTIFICATES NUMBER:

Cisterna di Latina	IT/0689IHS/0614
Velletri	IT/0689IHS/0614-1
Corsico	IT/0689IHS/0614-2



It is the regulatory reference for companies and organizations with an Environmental Management System. The standard defines an 'Environmental Management System' aimed at managing environmental aspects, meeting legal compliance obligations and addressing and assessing risks and opportunities.

CERTIFICATES NUMBER:

Cisterna di Latina	IT/0689IE/0614
Velletri	IT/0689IE/0614-1
Corsico	IT/0689IQ/0614-2



Defines the requirements for the implementation within an organization of a quality management system in order to conduct business processes, improve effectiveness and efficiency in product and service delivery and achieve and increase customer satisfaction.

CERTIFICATES NUMBER:

Cisterna di Latina	IT/0689IQ/0614
Velletri	IT/0689IQ/0614-1
Corsico	IT/0689IQ/0614-2

Finally, Coronet has implemented an internal Chemical Management procedure to adhere to the ZDHC - Roadmap To Zero programme, a project started in 2011 with the drafting of an initial roadmap common to all subscribers, whose ultimate goal is the phase-out of hazardous substances in the various global value chains for cleaner air and water and safer production.





1.6 Coronet's products

Coronet's commitment to environmental sustainability has led to the launch of two new product lines; this policy should be read within a corporate strategy aimed at pursuing a path of technological innovation and limiting the environmental impact of production processes, which will lead to the market launch of new sustainable lines.



The product line is made of post-consumer recycled polyester and bio polyols, obtained from non-food competitive and GMO-free corn crops. These materials present the highest percentage of raw material derived from natural renewable sources on the market and are the expression of the perfect combination of high technical performance, aesthetic appearance and high-quality standards. The production technology, specifically developed for these products and outcome of investments in Research and Development, significantly limits the environmental impact compared to the use of traditional raw materials.

BioVeg materials have been analyzed by specialized institutes according to the LCA (Life Cycle Assessment) method, which determines the environmental impact with reference to the individual steps of the production process according to ISO 14040 and ISO 14044 standards. The LCA methodology demonstrates that the BioVeg line is particularly sustainable in terms of health, environmental quality, impact on climate change and global warming, and use of natural resources. The scope of application of the BioVeg collection is versatile as it can be adapted in different sectors, from footwear to leather goods, from clothing to automotive, from labels to coatings.



The line is the result of intense efforts by the R&D function. The special feature of this collection is the total absence of the use of chemical solvents within the process, which employs only innovative water-based resins to reduce emissions both in the working environment and in the atmosphere.

This new range of products, thanks to the presence of completely solvent-free raw materials and waterborne aliphatic resins, combined with the most innovative production technologies, lowers the emission levels of materials without compromising their feel, softness and durability.



Coronet has always been searching for productions that represent an optimal mix of technical performance and aesthetic features. The new BioVeg line, the result of years of research and development, is the embodiment of this concept.

The production technology developed specifically for these products uses bio-derived raw materials that allow a lower environmental impact than the standard process.



The articles of the H2O family are made from solvent-free materials. The selection of waterborne aliphatic resins combined with the application of the most innovative production technologies have lowered the pollution levels of the materials, without compromising touch and softness.

H2O products use raw materials of EU origin and comply with the strictest European regulations on hazardous substances.



*A responsible and
transparent Company*

2 Governance and organization

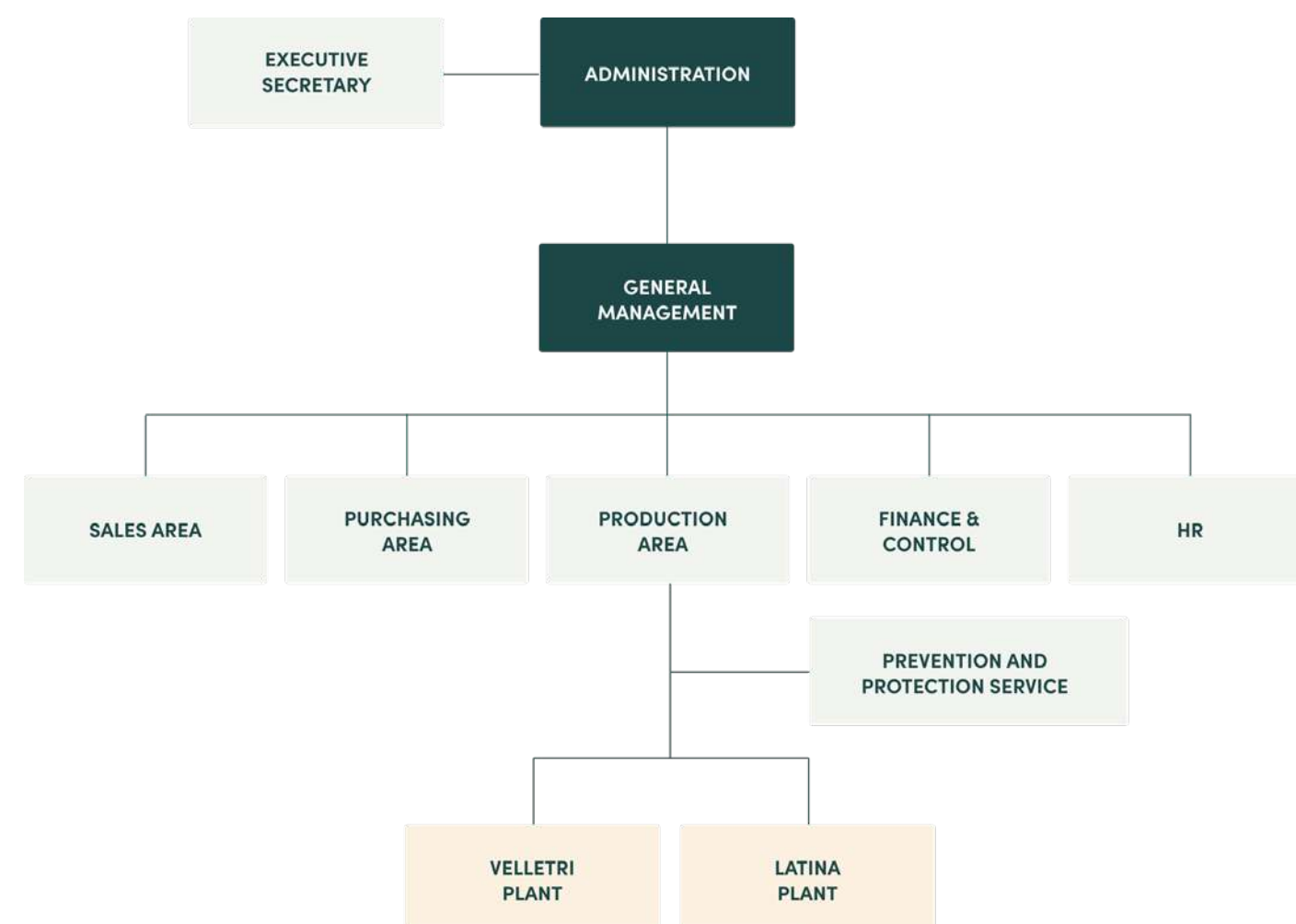


Coronet S.p.A. is a joint-stock company owned by De Marco Enrico, for a quota of 5,750 ordinary shares (1%), by De Marco Umberto (19%), for a total quota of 109,250 ordinary shares, and by Alteria S.r.l. (80%), for a quota of 460,000 ordinary shares. The members of the Company's Board of Directors are Umberto De Marco (President of the Board of Directors), Jarno Tagliarini (Chief Executive Officer) and Massimo Bonomi (Member of the Board of Directors). Two directors are between 30 and 50 years old and one advisor is over 50 years old. Among them, one person is also an employee of the company with Manager qualification.

With reference to the composition of the control bodies and their members and auditors, the Company's Board of Statutory Auditors is currently composed of President Pignataro Andrea Enrico, Auditors Amenta Ferruccio, Sabatini Marco Giulio, and Alternate Auditors Falcone Cristina and Luraghi Andree. In addition to its registered office, Coronet S.p.A. has multiple offices and branch units, both in Italy and abroad. Among the moments that have marked the evolution of corporate governance and organization are three mergers by acquisition of the Company, with Ritmo S.r.l., with Pa.Ri.Pack S.r.l. and Ital.Co S.r.l., that took place on 12 May 2003.

BOARD OF DIRECTORS	07/08/20 - 31/12/22	President of the Board of Directors	De Marco Umberto
		Chief Executive Officer	Tagliarini Jarno Paolo Corrado
		Councillor	Bonomi Massimo
BOARD OF STATUTORY AUDITORS	07/08/20 - 31/12/22	President of the Board of Statutory Auditors	Pignataro Andrea Enrico
		Auditor	Amenta Ferruccio
		Auditor	Sabatini Marco Giulio
		Alternate Auditor	Falcone Cristina
		Alternate Auditor	Luraghi Andrea
AUXILIARIES	08/02/12 - until revocation	Legal Representative	Taddei Cristina Simona
	12/02/16 - until revocation	Legal Representative	De Martin Gianluca
	28/03/18 - until revocation	Legal Representative	Beraldi Domenico

Coronet S.p.A. Organization chart





2.1 SYNT3 S.r.l. – Coronet's group gets bigger

In order to increase skills and improve the commercial offer, on 20 April 2022 Coronet S.p.A. acquired 100% of the shares of Synt3 S.r.l., a historical Italian company leader in the production of PU materials (polyurethane) based in the municipality of Erba and operating mainly in the bookbinding industry.

Although the acquisition transaction is not part of the 2021 reporting, we would like to disclose that it is considered a fundamental chapter in the Company's history and that it has marked a new and decisive milestone for a future of growth and expansion, and that it will allow Coronet to position itself, in its market sector, as one of the leading multinational corporations in Italy. The acquisition of Synt3 will allow the Company not only to organize production more efficiently, in order to free up production capacity to be exploited for new orders and to better meet the demands of existing customers, but also to obtain important synergies and economies of scale in terms of sales and materials procurement.

This is a fundamental decision, strongly desired by Coronet, as it is the result of a long process that puts the desire to increase production capacity and the search for a more environmentally responsible future first. Thanks to synergies and continuous investments in the direction of new environmental sustainability objectives, Coronet is broadening its horizons, choosing partners with whom to accelerate innovation in the field of cruelty-free and low environmental impact materials production, and thus sharing innovation, philosophies and values.

From this point of view, Yatay S.r.l., the Coronet Group's new technological innovation hub, will come to life in 2022. Established from the partnership with Golden Goose, this center will become the attractive hub for sustainable start-ups looking for an industrial partner to support them in scaling up their know-how. This space will be available to all luxury brands in the market.





*Quality and environmental
responsibility at the heart of the
corporate development strategy*

3 Business model and sustainability



The realization of materials with a low environmental impact, the containment of impacts in production processes and the identification of an approach aimed at respecting customers, suppliers, company employees and other stakeholders are the pillars of Coronet's strategy for greater economic, social and environmental sustainability. This declination of responsibility, implemented with conviction and concreteness, particularly following the arrival of Umberto De Marco at the helm of the Company, entails for Coronet's future an acceleration of productions such as the BioVeg line, with the aim of achieving a low environmental impact in articles made with innovative technologies, such as the H2O line, which does not use solvents.

The growing expansion towards luxury markets and the acceleration of the technological process are other fundamental levers for corporate, cultural and organizational change: the Corporate Group plans a global strategy focused on the search for greater sustainability, innovation and product and service quality, by implementing efficient processes that will have to rely increasingly on digital technologies. In line with these intentions, the Company pursues the goal of intercepting high-end markets that are particularly interested in its products.

The Company's goals include the development of a new, innovative, completely solvent-free product mentioned elsewhere, and the launch of the world's first R&D hub for materials in all applications, with a high sustainability content and capable of being a melting pot of fashion brands and researchers, both interested in sustainable development.

Finally, again with the ultimate goal of developing new solutions with a reduced environmental impact, it should be noted that in the course of 2022, a new partnership will begin to establish an R&D Hub, where it will be possible to enrich Coronet's materials expertise with the experience on handmade finished products of GOLDEN GOOSE, a forerunner brand in the luxury trainers market.



Strategic goals

01

Expand the production of BioVeg e H2o lines

02

Digitize the processes to make them more efficient, innovative and sustainable

03

Expand towards luxury markets

04

Launch of YATAY eco-sustainable products

05

Partnership with Golden Goose to build an R&D HUB



3.1 The UN Agenda 2030 for sustainable development

The need for economic growth that respects the future of the Planet and the next generations dates back to the Kyoto Protocol (1997), one of the first manifestations of awareness that the traditional model of economic development would cause the collapse of the Earth's ecosystem in the long run.

The concept of sustainable development is complex in nature and covers three dimensions: economic, environmental and social. This integrated vision of the three dimensions led, in 2015, to the birth of the 2030 Agenda for Sustainable Development, a joint commitment by 193 United Nations countries, including Italy, aimed at ensuring long-term economic growth, social cohesion and environmental protection.

The Agenda is in fact an action plan consisting of 17 Sustainable Development Goals (SDGs) with universal validity for the signatory countries, divided into 169 specific sub-goals and more than 240 indicators. The goal is to end poverty, fight against inequality and promote social and economic development, while maintaining the focus on combating climate change and building a sustainable society by 2030.

Coronet is aware that every company, person and territory is capable of making a difference and therefore believes that, as a company, it contributes to some specific goals of the 2030 Agenda, represented in the infographic below.

GOAL SDGs



SPECIFIC TARGET SDGs

6.4 'substantially increase water efficiency across all sectors (...)'.
7.2 'increase substantially the share of renewable energy in the global energy mix'.

8.8 'Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

9.4 'upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes (...)'.
5.1 'End all forms of discrimination against all women (...)'.
5.5 'Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making (...)'.
8.8 'Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

COMPANY ACTION

Water does not enter and is not consumed in the production process.

- Power generation through photovoltaic systems.
- Implementation of LED bulbs.

UNI ISO 45001: occupational health and safety.

- Pilot plant designed to switch to semi-industrial production.
- Digitization of production and production lines.
- Investment in research and development aimed at obtaining a renewable raw material with biological and natural components that respect the environment and the ecosystem.

GOAL SDGs



SPECIFIC TARGET SDGs

5.1 'End all forms of discrimination against all women (...)'.
5.5 'Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making (...)'.
8.8 'Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

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8.8 'Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

COMPANY ACTION

Coronet promotes respect for equal opportunities, social inclusion and diversity and considers it fundamental to achieving an appropriate business climate. In fact, women also occupy decision-making roles in the company.



GOAL SDGs



SPECIFIC TARGET SDGs

12.2 'By 2030, achieve the sustainable management and efficient use of natural resources'.

12.5 'By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse'.

12.6 'Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle'.

COMPANY ACTION


- UNI ISO 14001:2015 – Environmental Management System.
- Life Cycle Assessment (LCA) approach.
- Product lines with low environmental impact.
- Production of items with very low solvent content.
- Making materials from bio-plastic compounds produced from renewable resources.
- Sourcing the highest quality and GRS-certified raw materials.
- Reuse processes of solvent used in production.
- Publication of the Sustainability Report.

GOAL SDGs



SPECIFIC TARGET SDGs

13.1 'Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries'.

15.2 'By 2020, promote the implementation of sustainable management of all types of forests (...)'.


COMPANY ACTION

Use of fuels to power production plants with a lower environmental impact than in the past.

Sourcing the highest quality and FSC (Forest Stewardship Council) certified raw materials.



4 Relations with stakeholder and impacts managed by the company

*A shared commitment to
a common goal*



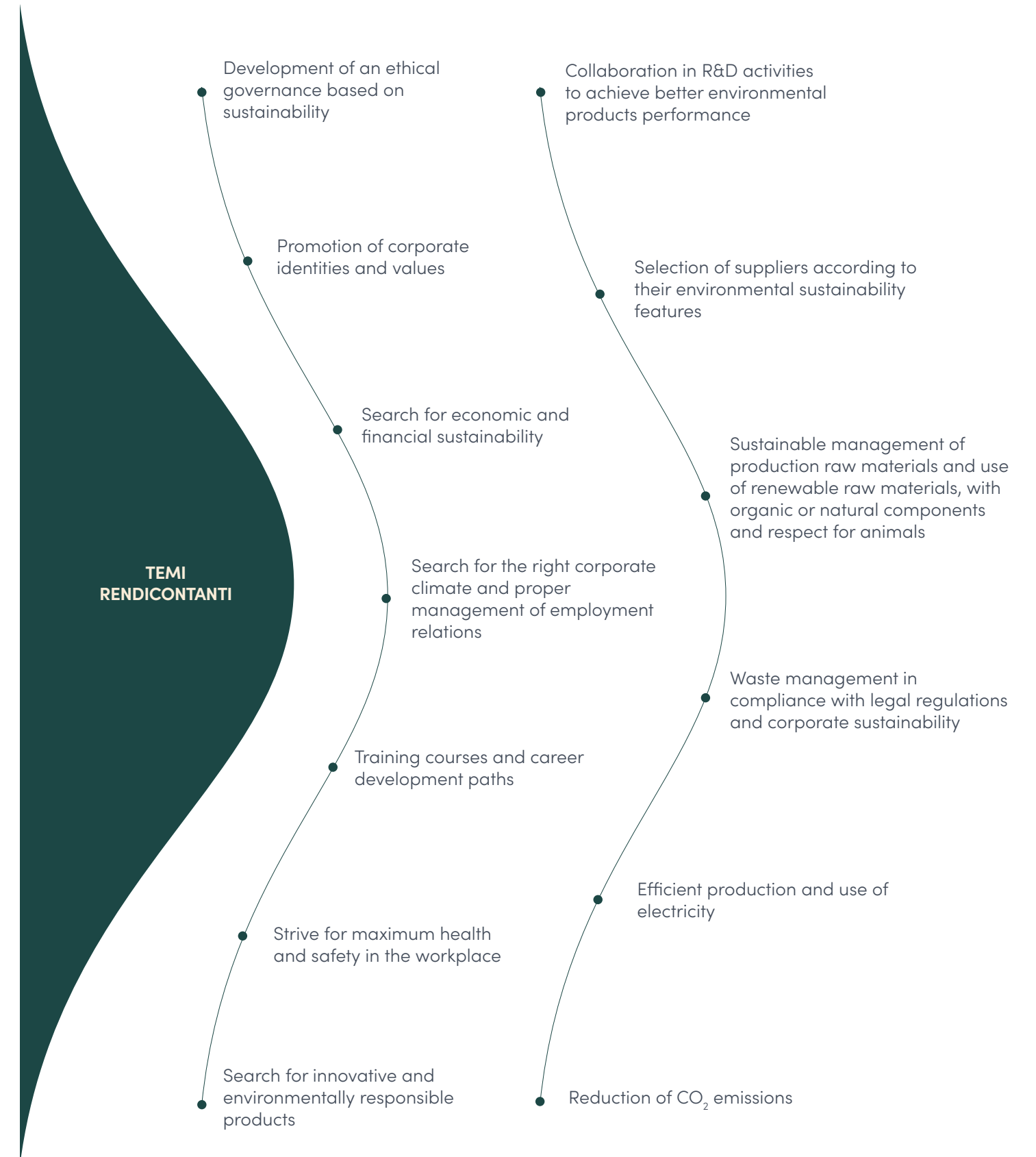
The ability to identify the interests of individual stakeholders is an aspect of primary importance for business governance based on corporate social responsibility: an understanding of the external and internal environment cannot, in fact, be separated from an accurate and conscious analysis of the reference context. For this reason, Coronet's business strategies are the result of an ongoing dialogue with stakeholders and listening to their specific needs. With regard to the identification of external and internal factors relevant to the Company's goals and strategic directions, the Company adopts an approach aimed at maintaining a stable and lasting relationship over time with all its stakeholders. The value of this document takes on importance as it is an expression of the Company's desire to embark on an increasingly convinced path of sustainable development. Below is a list of the stakeholders the Company addresses with this document.

Stakeholder's map



The process of identifying the economic, social and environmental impacts managed by Coronet considered information gathered from stakeholder relations, analysis of the reference context and issues reported in the sustainability reports of companies in the sector. This process also considered information gathered through the analysis of company processes, the analysis of certified company management system documents, as well as the assessments of the Company's top management figures. The objective for the future is to consolidate this process and, in particular, to become able to involve stakeholders in order to take their requests into greater consideration in the Company's decisions and in reporting to them.

From the analysis conducted, 13 material topics emerged for the development of present and future business strategies, i.e. relevant to Coronet and its Stakeholders, shown in the following figure.





5 Performance and future outlook

*To develop a new idea
of future*



5.1 Economic performance and distributed value

In 2021, Coronet recorded a significant increase in sales revenue to over 16 million, a 57% increase over 2020. The growth in orders is important, especially in the Italian market (+95%); this figure, in addition to the impulse derived from sales in the automotive sector (+36%), is linked to the Company's decision to pursue and increase the production of articles with high added value and, in particular, items with environmental sustainability and high-quality features that are of interest to the most selected customers

Foreign sales also report a significant increase and thus a recovery after the contraction caused by the Covid-19 emergency in 2020.

As far as operating costs are concerned, raw material purchases, net of the related change in inventories, increased by 68% compared to 2020. In relation to sales revenue, raw materials in 2021

were 58.8%, compared to 54.9% in the previous year, which was mainly due to an increase in raw material purchasing costs from the second half of 2021, as well as an increase in ancillary purchase costs (transport).

In order to compensate for the increase in these costs, which will be even more significant in 2022, the Company has implemented actions that mainly concern:

- the reduction of production waste;
- the planning of investments for the upgrading of photovoltaic systems;
- the temporary application of a sales price increase to partially cover the high energy prices.

Expectations for 2022 in terms of sales revenue are for continued growth driven by increased volumes in the Automotive sector and the entry of a new business line in the Interior Design sector. Orders for Footwear and Leather Goods are also confirmed to grow, thanks to the positive response in the markets for Bio-based products.

The distributed economic value

In this section, we propose a reclassification of the revenue account of the 2021 Financial Statements using the Directly Generated and Distributed Economic Value scheme. In the evaluation, the categories taken into account are: suppliers, through operating costs, staff, lending institutions and public administration.

Coronet operated within a balanced economic and financial management and managed to distribute approximately 94% of the directly generated value to the following end uses by 2021:

70,48% to suppliers

23,17% to staff

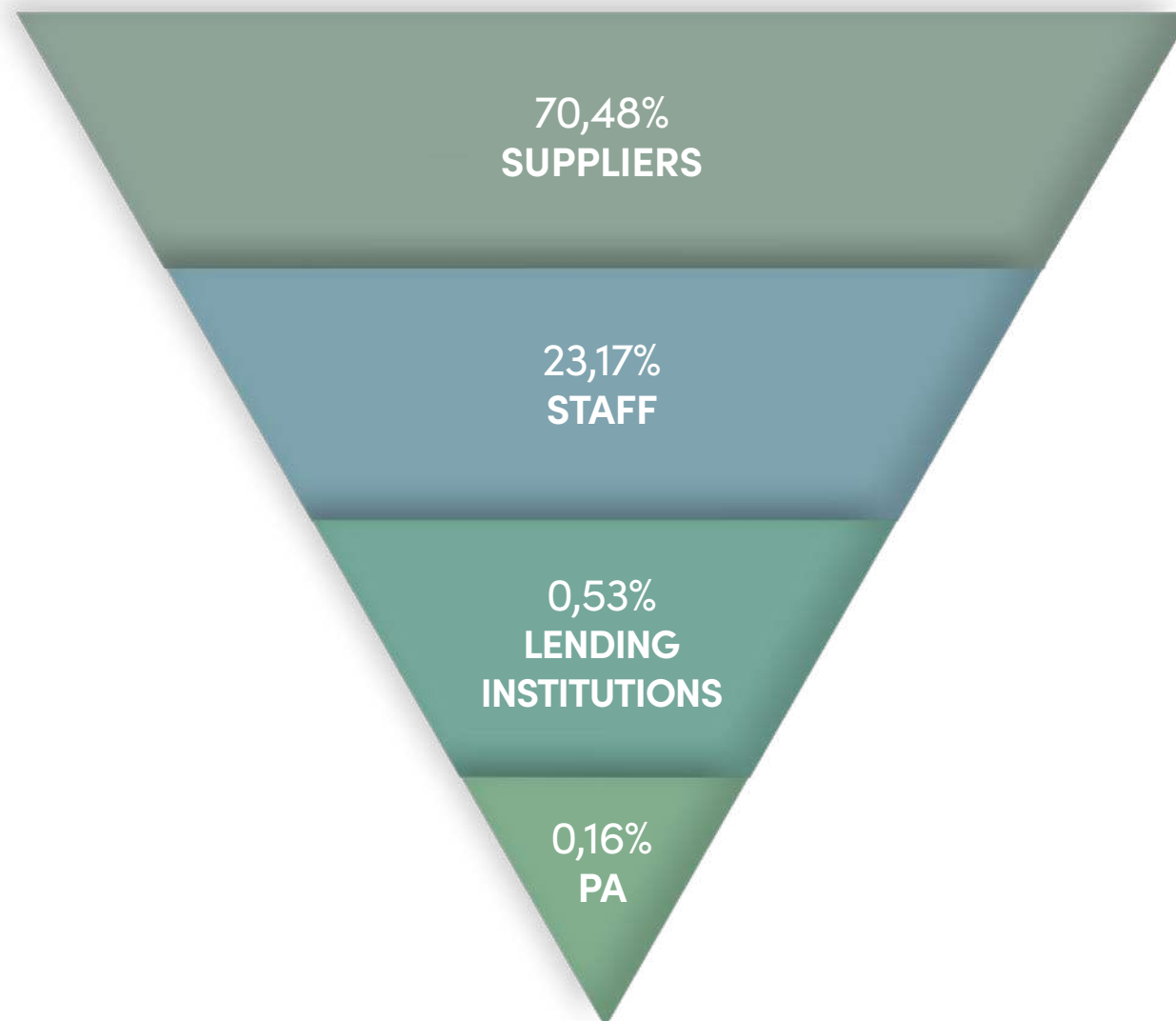
0.69% to lending institutions and public administration

	2021
Directly generated and distributed economic value	20.440.346
Sales revenue	16.857.800
Other revenue	3.582.546
Distributed economic value	19.282.495
Operating costs (for raw materials, services, leased assets of third parties and other operating costs)	14.406.936
Staff costs	4.735.007
Payments to lending institutions	108.328
Payments to the PA	32.224
Economic value retained	1.157.851
• of which net profit	212.320
• of which depreciation	945.531



2021

The distribution of the generated economic value



5.2 Relations with customers

Coronet's target customers belong predominantly to the luxury market, that is attentive to the environmental sustainability of products.

The tables below show revenues divided according to the product category (H2O, BioVeg and traditional line) and the geographic market with reference to the 4 main business areas (Footwear and Leather Goods, Automotive, Paper Goods and Clothing) for the year 2021.

Compared to 2020, there is an increase in the turnover of both the BioVeg line and the H2O line, which respectively increase from € 1,790,000 to € 5,113,027 and from € 242,000 to € 502,788. As to future goals, Coronet intends to achieve a turnover breakdown where environmentally friendly products represent 50% of the entire amount of revenues.

2021

Net revenue in euro according to geographic market*

MERCHANDISE CATEGORY	ASIA	ITALY	EUROPE (Italy excluded)	AMERICA	TOTAL
H2o	19.988	383.155	49.890	49.755	502.788
BioVeg	635.651	5.063.498	2.023.107	1.390.771	9.113.027
Other	1.227.760	4.234.272	4.183.531	23.337.696	32.983.259
Total	2.183.398	8.780.925	5.656.528	25.978.221	42.599.074

*The revenue figures refer to the Coronet Group and take into account sales by the Asian subsidiaries. The semi-finished product is produced in Italy 'plant based' and shipped to the Vietnamese subsidiary which finishes it with the innovative coating process (again using plant-based PU) and sells the finished product to international brands producing in Asia.

*Listening to customers:
a winning choice*



2021

Net revenue broken down by product lines and end markets*

PRODUCT / BUSINESS	FOOTWEAR/ LEATHER GOODS	AUTOMOTIVE	PAPER GOODS	CLOTHING	TOTAL
H2o	1.098.894	0	0	33.085	1.131.980
BioVeg	3.410.708	0	847.726	86.880	4.345.315
Other	35.225.585	1.630.526	78.951	186.716	37.121.779
Total	39.735.188	1.630.526	926.677	306.682	42.599.075

*The revenue figures refer to the Coronet Group and take into account sales by the Asian subsidiaries. The semi-finished product is produced in Italy 'plant based' and shipped to the Vietnamese subsidiary which finishes it with the innovative coating process (again using plant-based PU) and sells the finished product to international brands producing in Asia.

Coronet devotes special attention to customer relationship management. There are many profiles and areas of application for CRM (Customer Relationship Management) activities. The sought-after goal is to create lasting customer relations. For this reason, Coronet's strategy is to actively seek collaborative relations with suppliers that are intended to become long-term partnerships. In fact, 90% of the Company's turnover is made up of the sale of highly customized articles, molded according to the specific needs of the end customer.

The quest for continuous improvement is the driving force behind all company activities: the search for raw materials from sustainable supply chains, the expansion into new markets and geographic areas, as well as the implementation of new customer-focused communication and promotion activities of sustainability. The

constructive and engagement-based relationship with the customer is nurtured through activities such as:

- 01 Specific meetings with customers
- 02 Information initiatives
- 03 Multi-thematic tables both with customers and suppliers
- 04 Organisation of on-site guided tours

The Company pays particular attention to customer information and training initiatives with reference to the topic of ethical consumerism: specific actions are taken such as in-depth discussions with sales agents, sending content via e-mail, organizing ad-hoc meetings with customers, and publishing specific articles and literature on the news section of the Company website. In line with this last technique, Coronet

is particularly active on social media, such as Facebook and Instagram, with posts addressed to about 400 followers.

Particularly important in terms of quality and customer focus is the organization of special co-designing tables for the final product that jointly involve customers and suppliers. Coronet promotes meetings aimed both at listening to specific requests for improvement in production and design of articles, and at choosing the final characteristics of the products, which are then communicated and implemented in the workshop.

Through the many customer relationship management activities just described, customer loyalty and increased customer satisfaction are therefore constantly sought. To this end, the Company avails itself of a highly qualified and specially trained structured sales network that is employed both in promotional activities and in the identification and implementation of customer-targeted offers, so as to guarantee, through rapid and quality service, timely responses and thus increase customer satisfaction in the long term

Customer relationship management

Customization takes place by developing R&D activities on the basis of proposals received through discussions with the customer. The process generally starts with the selection of an existing Coronet product that can be modified to meet additional requirements.

The Company is particularly active in organizing on-site guided tours, especially with regard to presenting the features of innovative products for which customers show greater curiosity and interest than for traditional ones. In order to promote correct and transparent information on product safety and integrity, Coronet pays particular attention to control management.

Through a capillary procedure, the Company is able to trace any anomalies and production discrepancies, which are communicated daily to the entire technical team so that they have an immediate insight and activate a team approach aimed at problem solving.

The latter is preceded and accompanied by a solid internal complaints management procedure. Below are some statistics on complaints over the last three years, which remain within physiological levels, decreasing over the last two years.

	2019	2020	2021
Complaints statistics	84	62	70



5.3 Relations with suppliers

Procurement policies and supplier relationship management play a decisive role in the results sought by Coronet. In identifying and selecting suppliers, the Company makes a daily effort to choose innovative products with high-quality environmental and technical features, following the quality management system process.

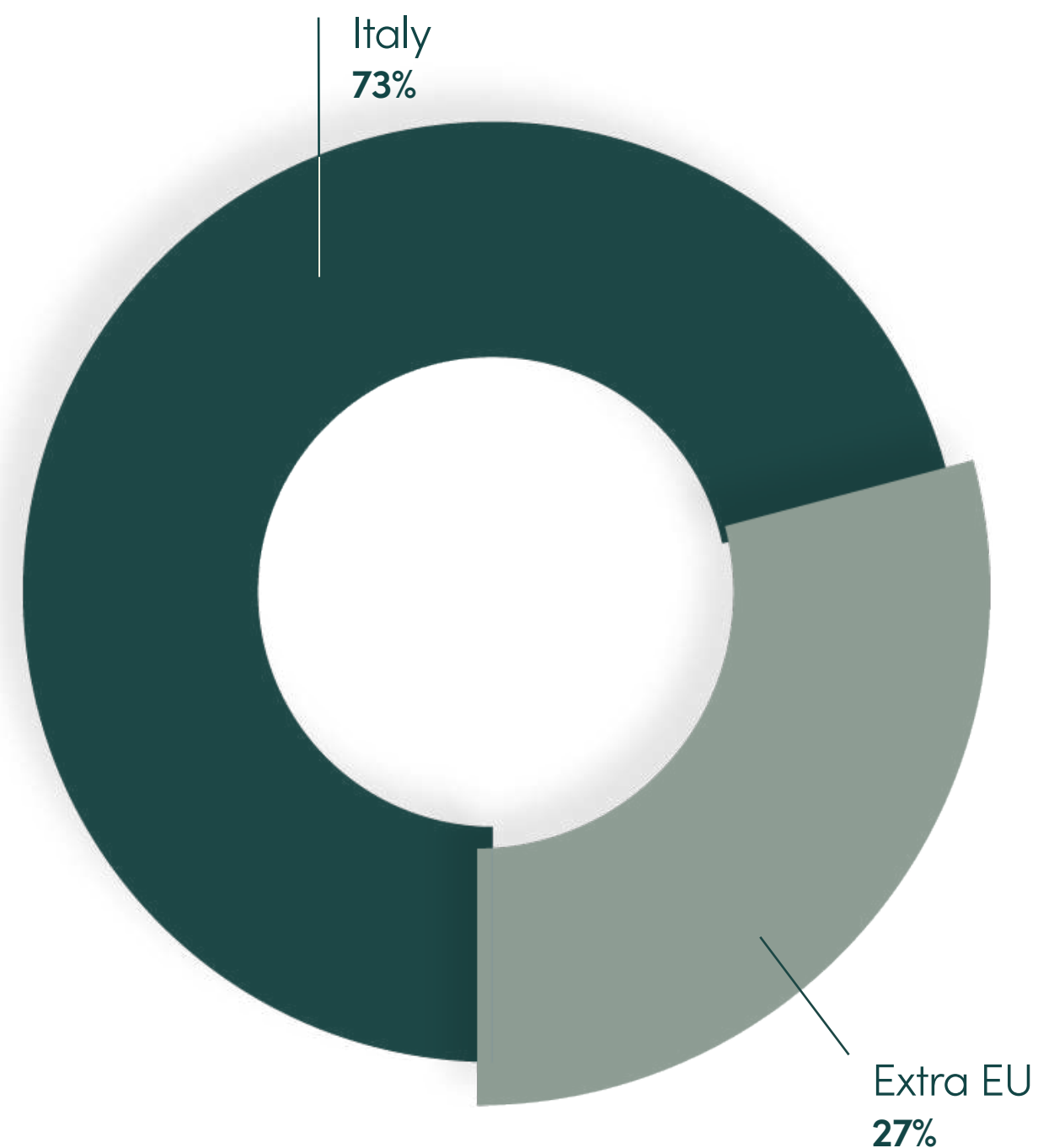
Confirming the attention paid to long-lasting and consolidated collaborative relations with all stakeholders, the presence of a large group of historical and loyal suppliers with whom Coronet maintains partnerships lasting up to ten years is of strategic importance. The main reason for this high rate of supplier loyalty is to be found above

all in the application of policies of fairness in the management of information and in the adoption of up-to-date and transparent communication. In this sense, numerous meetings are held with suppliers: interviews, calls and video calls, thanks to which objectives and results to be achieved are established concerning specific features and peculiarities of products and services.

With reference to payment schedules, the Company applies correct payment times to all suppliers.

The following graph and table show the percentage of Italian suppliers compared to those from other geographical areas.

2021
Suppliers' country of origin



"Consolidated relations with suppliers: a guarantee of quality"



5.4 Relations with staff

Coronet believes that the professional growth of its employees within a positive working climate is an essential condition for enhancing skills and supporting the culture of change by seeking customer satisfaction.

The issue of health and safety in the workplace has always been at the top of the organization's priorities. In fact, the Company has adopted ISO 45001 certification as a specific management system for all its work sites. Employment relations within Coronet are regulated through the

collective agreement pertaining to the rubber, plastic, electric cables and similar industries, which covers 100% of the employees. As of 31/12/2021, the Company had 97 employees, 13 of whom were women. The Milan office employed 19 people (of whom 11 women), the Velletri office 53 (of whom 2 women) and the Latina office 25 (all men).

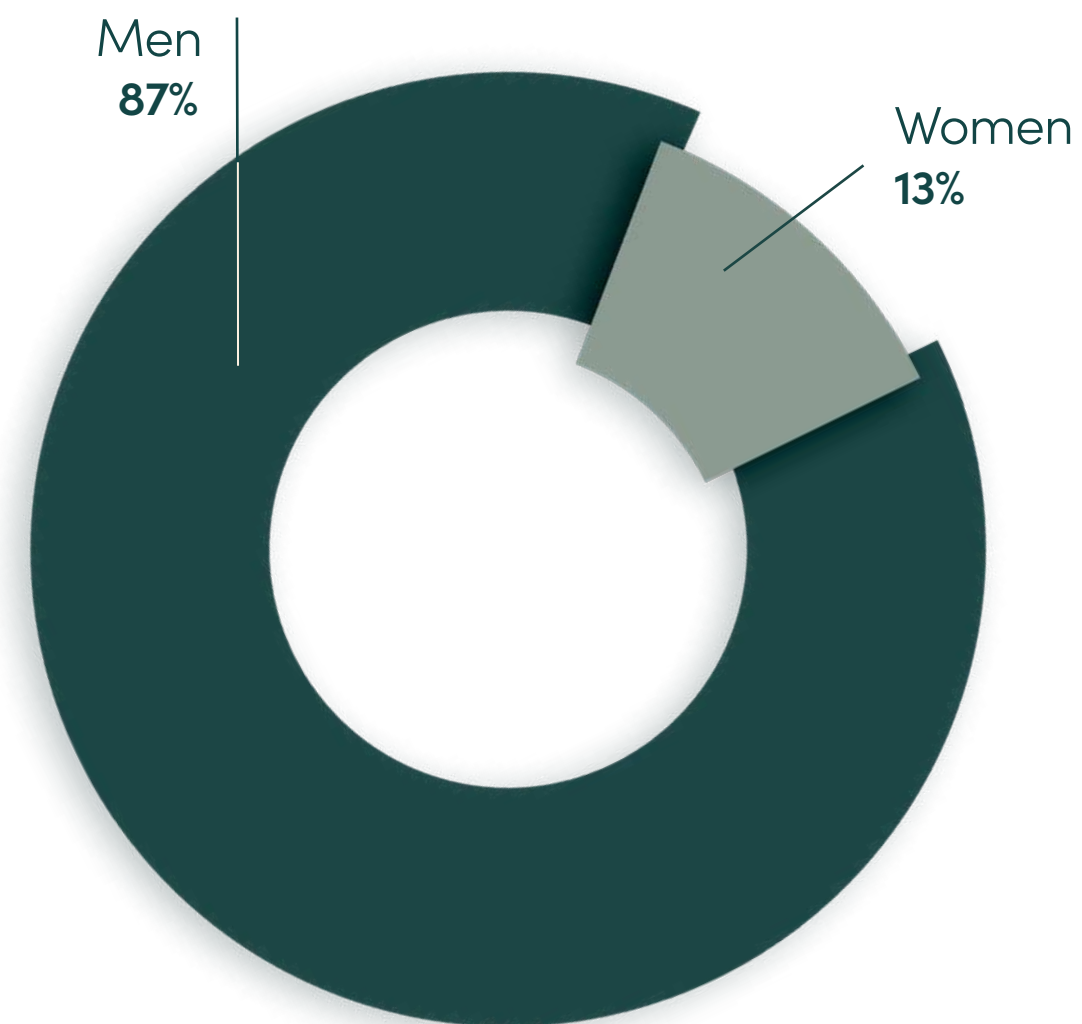
As shown in the table below, the number of employees increased over the three-year period considered. During 2021, 8 temporary workers (7 men and 1 woman) worked for the Company.

Number of employees at year-end

	2019		2020		2021	
Women	12	13%	11	12%	13	13%
Men	82	87%	82	88%	84	87%
Total	94	100%	93	100%	97	100%

“Putting people and skills at the heart of our business strategy”

2021 Staff composition by gender





The Company seeks for a working relationship based on mutual trust and continuity of the relationship. All employees are hired through an open-ended contract and, in the last three years, there has been only one woman in the workforce with a part-time contract. During 2021, one man was hired as an intern.

2021

Number of employees by contract type and gender

	2019	2020	2021
Open-ended	93	93	97
of which women	12	11	13
Fixed-term*	1	0	0
of which women	1	0	0
Total	94	93	97
of which women	12	11	13

* including apprentices

The staff is made up of 49% blue-collar workers, 35% white-collar workers, 14% junior executives and 2% senior executives. The majority of the staff is over 50 years old, and for this reason the Company intends to pursue policies to employ younger people by ensuring adequate generational turnover.

For new hires, adequate training is guaranteed to acquire the necessary skills to perform the assigned tasks. For all new hires, in fact, the Company initiates a Welcome Training activity,

through which new employees are placed side by side with heads of department or production managers who guide them in learning activities related to the operational part. Since the latter requires specificity and craftsmanship, they are often placed in rotation in various departments, to make them understand the different processes and have an overview of the entire production. It is worth mentioning, notably, that in the administrative area the Company has formed a young and dynamic work staff, capable of covering roles of medium responsibility.

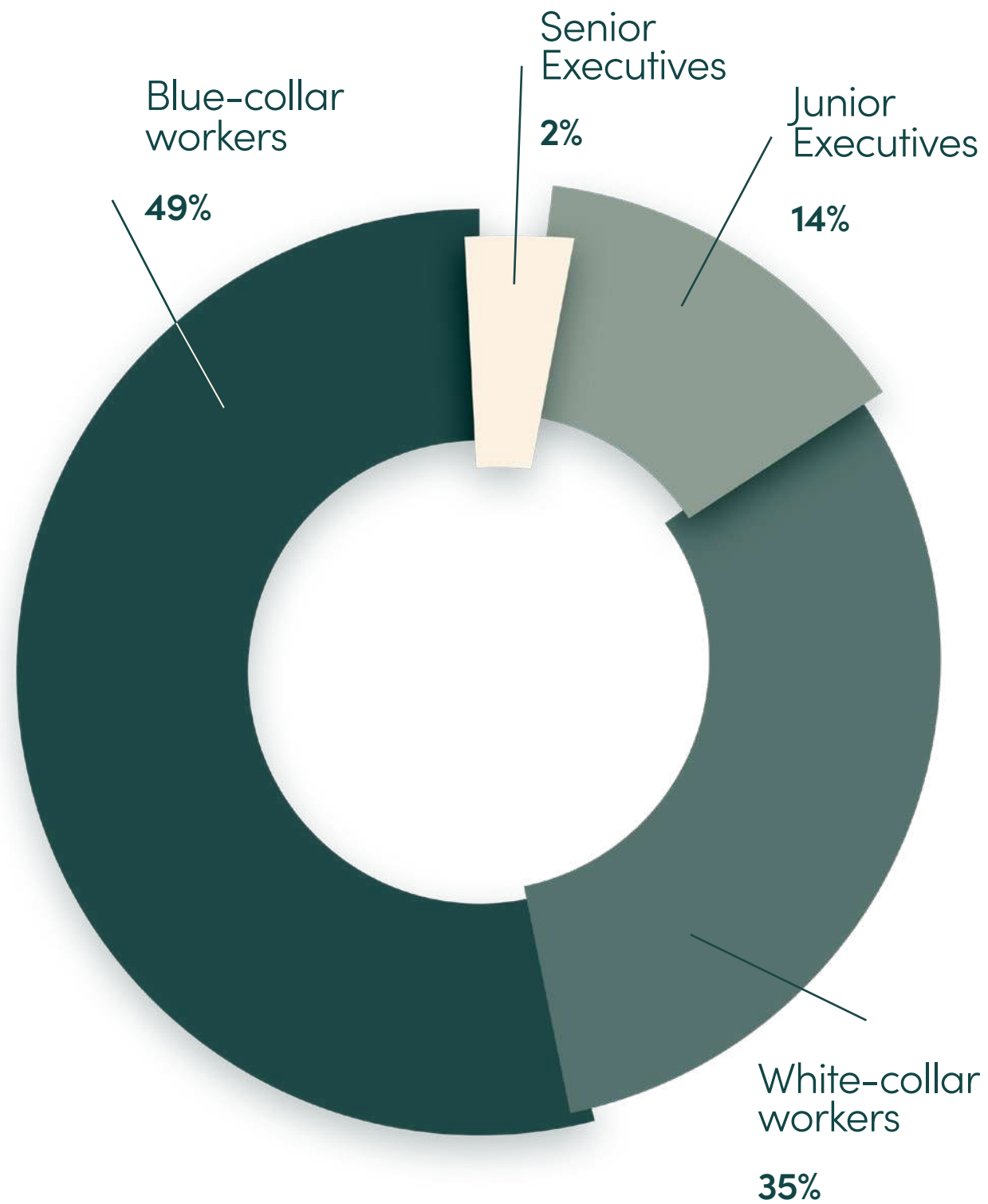
Staff breakdown by professional qualification and gender

	2019	2020	2021
Senior Executives	3	2	2
of whom women	0	0	0
Junior Executives	12	12	14
of whom women	4	3	3
White-collar workers	29	29	36
of whom women	9	8	12
Blue-collar workers	51	51	50
of whom women	0	0	0



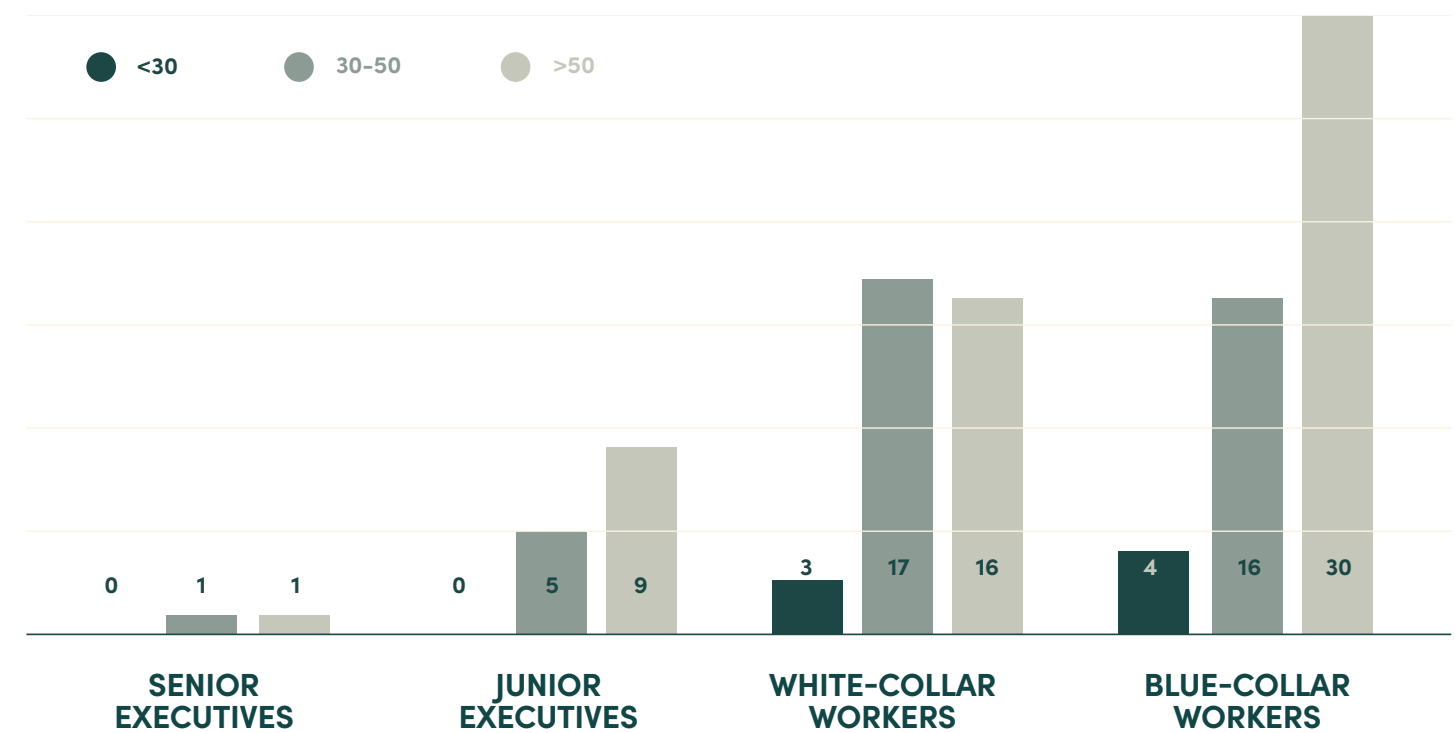
2021

Distribution by professional qualification



2021

Distribution by qualification and age





Confirming the staff rejuvenation policy, the turnover rate increased compared to the previous year as a result of older people leaving and new young people joining. Below are the figures for incoming and outgoing staff and broken down by age group.

Incoming and outgoing staff by gender age group

AGE CLASSES	2019		2020		2021	
	Incoming	Outgoing	Incoming	Outgoing	Incoming	Outgoing
< 30	3	1	1	2	2	0
of whom women	2	1	0	0	0	0
of whom men	1	0	1	2	2	0
30-50	2	2	2	1	6	2
of whom women	0	0	0	0	4	1
of whom men	2	2	2	1	2	1
> 50	1	4	0	1	1	3
of whom women	1	1	0	1	0	1
of whom men	0	3	0	0	1	2
Total	6	7	3	4	9	5
of whom women	3	2	0	1	4	2
of whom men	3	5	3	3	5	3

Turnover rates

	2019	2020	2021
Average workforce for the period	94	94	97,08
Overall turnover rate*	13%	7%	14%

* (Incoming + outgoing staff/average headcount) x100

Coronet promotes respect for equal opportunities, social inclusion and diversity and considers this essential to achieve an appropriate working climate. The Company operates in compliance with Law No. 68 of 1999 regarding the employment of disabled people; at the end of 2021, 6 people belonging to protected categories worked in Coronet. Female staff hold decision-making roles within the Company workforce: 3 women work as junior executives. No episodes of discrimination were recorded during the last financial year. The total number of employees who took parental leave during the reporting period was 1 man and 0 women.

Coronet takes into account the work-family balance needs of its employees by carefully planning work shifts. Operational shifts of staff between Company locations are planned and employees are given at least 30 days' notice. The 2 people whose residence is far from the workplace, specifically 1 in Lombardy and 1 in Prato, who work at the Lazio plants, are

guaranteed accommodation and, on a weekly basis, round trips to reach their families.

Coronet adopts a participative staff management approach, making its production targets known and sharing its results through periodic reporting in order to stimulate and involve employees. The Company holds ongoing meetings with trade union representatives (RSA and RSU) in order to share results half-yearly and verify trends over time. Company production bonuses and incentives are also provided to promote the performance of work activities in a motivating and meritocratic context.

Coronet favors the recruitment of workers belonging to the local communities in which it operates, thus contributing to the growth of employment and revenue in the territory and to the achievement of a lower impact on the environment, thanks to the limitation of home/work trips.



Occupational health and safety

For Coronet, showing care and sensitivity towards the psycho-physical well-being of people in the workplace is an absolute and unavoidable commitment that, moreover, allows a reduction in the number of work-related injuries and sick leave days, while increasing company productivity.

As further proof of the seriousness with which the Company confronts this issue, it should be noted that, in addition to acting in full compliance with the legal provisions on occupational health and safety, in 2020 the management implemented an ISO 45001-certified Management System at all its sites. This system is constantly being updated and improved in order to eliminate the possible causes of work-related injuries and damage to workers' health. The System is applied in the managed premises to all employees, temporary workers, trainees/ interns and other workers of external companies occasionally present in the Company. The System provides for activities such as the continuous company monitoring of the Prevention and Protection Service Manager (RSPP, in Italian), the preparation and distribution of the documents of Legislative Decree 81/08, the training of employees and collaborators, the performance of periodic medical examinations, and the organization and training of intervention teams required by the regulations.

The Risk Assessment Document (DVR, in Italian) considers and analyzes specific risks with reference to each individual task, divided into physical, chemical and ergonomic risks. The DVR determines the objectives and activities that lead

to the establishment of the Company's continuous improvement plan.

Occupational health and safety are assessed on a daily basis by the supervisors in the various company premises. The Company's occupational health and safety delegate is always present within the Company. Coronet employs an in-house RSPP (and an external consulting firm), who identifies the need for new means and technologies (Personal Protective Equipment - PPE, equipment, etc.), arranges emergency and evacuation plans and formulates a training plan for all employees. The Company cooperates with the Workers' Health and Safety Representative (RLS, in Italian).

Pursuant to Legislative Decree 81/2008, annual medical examinations are implemented. The competent doctor, appointed by the Company, together with the RSPP, works in accordance with a health protocol that takes into account the specific risk activities and health and safety hazards for company staff, determining indications on the health surveillance to be carried out on workers.

Among the initiatives taken is a precise scheduling of training courses on occupational health and safety. Mention should also be made of a healthcare fund for employees involved in work activities carried out in plants with a higher risk of injuries. Specific meetings between the RLS and workers are held every six months and are intensified following the outbreak of the

Covid-19 pandemic. In order to communicate with its employees on occupational health and safety issues, the Company uses tools such as:

- the company notice board
- the company e-mail
- Whatsapp groups

Following the spread of Covid-19, the Company has exercised extreme caution and diligence by applying the protocols issued by the Ministry

of Health and adopting the rotation of staff attendance by using the Smart working mode, in order to balance work requirements with those concerning the health and safety of its workers.

The following tables show the main data and indicators related to injuries. The frequency index during 2021 decreased compared to the previous year, while the severity index remained at low levels. On the other hand, there were no cases of occupational illnesses, deaths or work-related injuries with serious consequences.

Main injury statistics

	2019	2020	2021
Average number of employees			
Average number of blue-collar workers	51	51	50
Average number of white-collar workers	29	29	36
Number of hours worked	156.151	137.791	160.145
Total number of work-related injuries	2	4	4
In the workplace	2	4	3
In itinere	0	0	1

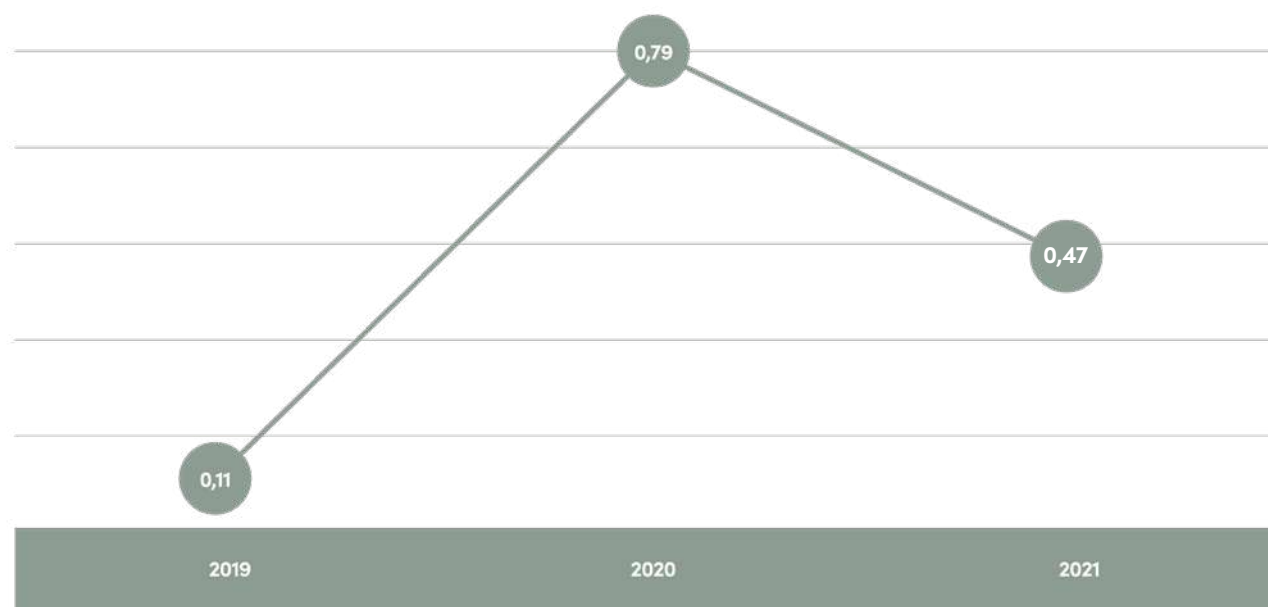


Injury Frequency Index*



* number of work-related injuries per 1 million/hours worked

Injury Severity Index*



* number of injury days per 1000/hours worked per employee

Description of injury types

	2019	2020	2021
Hand cut with box cutter	1		
Bruised arm	1		
Finger contusion		1	1
Knee contusion		1	
Hand contusion		1	
Ankle sprain		1	
Facial contusion			1
Shoulder contusion			1

Training and Skills Development

The Company periodically organizes specialized training and refresher courses by field and type in order to increase employees' skills and abilities by acting on team motivation and ICT skills. In 2021, Coronet provided a 12-hour English language course for 4 employees, for a total of 48 hours. Below are the figures for occupational health and safety training courses in 2021 and general indicators on training hours.



Occupational health and safety training courses 2021

CISTERNA DI LATINA	Course duration	Participating staff	Total hours
General Fire-fighting Course (High-risk > Cisterna)	8	14	112
First-aid Course (refresher course for group A)	6	5	30
General and Specific High-Risk Course	16	6	96
Fork-lift Operator Course	16	5	80
Total employee hours			318

VELLETRI	Course duration	Participating staff	Total hours
First-aid Course (refresher course for group A)	6	7	42
General and Specific High-Risk Course	16	6	96
Fork-lift Operator Course	16	4	64
Total employee hours			202

Training hours provided in 2021

	Total hours	Average hours
Staff with administrative and commercial tasks	124	11,27
of whom women	16	16
of whom men	108	10,80
Staff with operational duties	438	11,23
of whom women	0	0
of whom men	438	11,23
Total	562	22,50
of whom women	16	16
of whom men	546	22,03

5.5 Innovazione processes



Innovation is pursued by Coronet with an approach that focuses mainly on the following three areas: processes and production, digitization and R&D. It focuses on the pursuit of greater environmental responsibility.

“Innovation: Coronet’s added value”



Processes and production

The Company already offers products with very low solvent content and is pursuing the production of completely solvent-free and bio-based materials. For this reason, new application technologies are under testing through the implementation of a pilot plant specifically designed by the Company itself, that will allow it to move from prototype production to industrial production at its Cisterna di Latina site.

The Company pays the utmost attention to the safety and ergonomic aspects of company premises, so that all infrastructures are accessible and in an adequate state of efficiency to guarantee the conformity of products and services.

The Company also considers, within the scope of plant planning and the performance of work activities, the identification and management of the

relative risks and opportunities for an effective and efficient management of activities. In this regard, the Company strives for improvement relative to staff needs and working and safety conditions at the plants. More specifically, during 2021, Coronet made substantial investments related mainly to:

- various improvements and adaptations of production facilities and processes
- methane gas connection works at the Cisterna di Latina plant
- commission for the construction of a new in-house engineered production plant to make plant-based and completely solvent-free technical materials

The construction of a new water-based coagulation plant is a target set for the second half of 2023.

Digitalization

There is a plan to digitize production and production lines in Italian plants and transfer the same model to Asian countries. The aim is to connect all production lines to the same system of remote stations and bar codes.

This will increase the ability to monitor production quality and productivity. At the same time, it would be possible to take any corrective actions more

quickly, improving the effectiveness of strategies aimed at optimizing production, in order to increase customer satisfaction.

During 2021, an investment of EUR 175,491 was made in line with the continuation of the migration project to the new corporate information system, activated on 10 January 2022.

Research and development

The Research and Development function is central to the future of the Company's business: it is through the results of this area that Coronet will be able to rely on a new production technology capable of guaranteeing the implementation of a completely solvent-free finished product. The aim is to obtain a renewable raw material with biological and natural components that respect the environment and the ecosystem. As to the business strategy concerning the acquisition of new and innovative knowledge aimed at achieving greater competitiveness on domestic

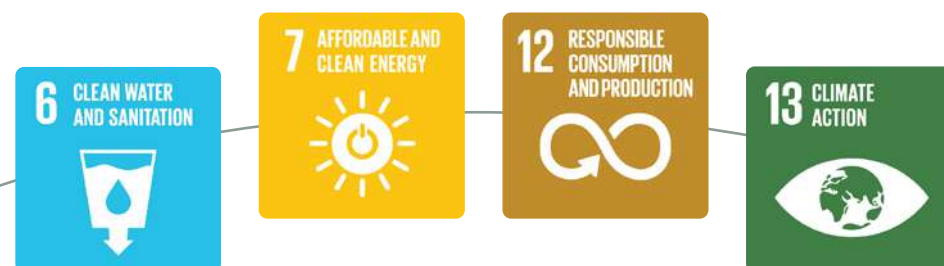
and foreign markets, Coronet continued the path of R&D activities. In particular, in 2021, the Company focused on the areas of Product and Process Technological Innovation and Design and Aesthetic Conception, and renewed its attention to the use of raw materials from renewable and recycled sources and production efficiency. With regard to projects for the development of new collections, Coronet launched the 'INNOVATIVE COLLECTION 2021' during 2022.



5.6 Coronet's commitment to the environment

Coronet's production process, by its very nature, generates environmental impacts in terms of consumption of raw materials, solvents, water, energy and waste produced. The Company, however, is fully aware of the commitment required to limit negative environmental impacts and places the pursuit of sustainability at the centre of its strategic aims. In all its three plants, the Company is certified ISO 14001, the standard that defines an 'Environmental Management System' aimed at managing environmental aspects, meeting legislative compliance obligations and addressing and assessing risks and opportunities. Since 2014, Coronet has developed and launched two new sustainable production lines - BioVeg and H2O - which are characterized by a careful selection of raw materials and a reduced impact on the environment compared to traditional production lines. In the productions, the use of the DMF solvent (dimethylformamide) and water

takes place in a closed circuit that reduces the dispersion of these substances almost completely. Of note is the attention that has also been paid to limiting the use of the most polluting fuels through the replacement of Mazut (heavy oil with low sulfur content) with LNG (Liquefied Natural Gas) at the Velletri production plant in 2017 (for which connection to the methane network is planned for 2024), and with the switch from Mazut to methane in the Cisterna di Latina plant in 2021. This choice, together with the production of electricity through a photovoltaic system and the presence of LED lighting at the various company sites, contributes to reducing polluting emissions into the atmosphere and energy consumption. Coronet's commitment to reducing emissions and counteracting the generated environmental impacts will continue in the future with the aim of becoming a Carbon Neutral company by 2030.



Crafted by nature

Environmentally friendly production

All Coronet products are manufactured in full compliance with legal regulations. The Bioveg and H2O lines are characterized by innovation and sustainability. All product lines are certified by PETA (People for the Ethical Treatment of Animals). The 'PETA-approved Vegan' logo is a guarantee of a company guided by strong ethical

values. The Company searches for raw materials of the highest quality and certified by GRS (Global Recycle Standard) and FSC (Forest Stewardship Council); each supplier is asked for a copy of the process and batch certification of each material purchased.



BioVeg lines and environmental impacts

The BioVeg line is made from post-consumer recycled polyester, bio polyols or textile substrates of natural origin such as FSC-certified viscose or GRS and/or GOTS-certified cotton, obtained from non-food and GMO-free corn crops. These green core materials have a high percentage of biomass and can be finished with any finish and grain. Some of the products in the BioVeg line have undergone LCA (Life Cycle Assessment) procedures that determine the environmental

impact linked to the individual production steps of the articles. They comply with the ISO 14040 and ISO 14044 standards for materials made from bio-plastic compounds produced from renewable (biobased) resources. The LCA study analyzes the impacts of raw materials, production and transport with a 'from cradle to gate' approach, i.e. throughout the production process, excluding the use phase and end-of-life scenario.

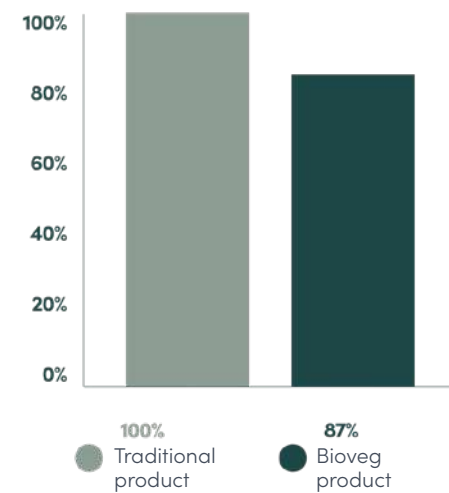


Life cycle analysis was performed on the three main product categories of the BioVeg line and found that, compared to a conventional product, 13% less CO₂ equivalent is emitted, 44% fewer natural resources are consumed, and 32% less is contributed to the depletion of the ozone hole.

The BioVeg range is certified Usda BioPreferred, which is a programme created through the Farm Bill in 2002 – the main agricultural and food policy tool of the US federal government – encouraging

increased trade and use of materials produced from natural sources. The BioVeg line is also GRS and FSC certified.

It has been proven that 1 m² of a BioVeg product saves 1 kg of CO₂ equivalent, compared to a polyurethane product using petroleum-based raw materials. The following representations show the environmental advantages of producing BioVeg items compared to a traditional product.

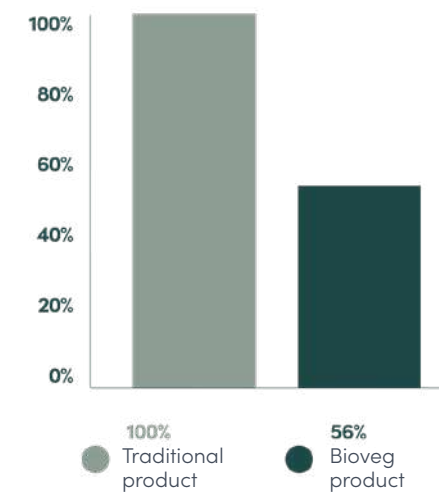


GLOBAL WARMING

For the impact category GWP Global Warming Potential (contribution to the greenhouse effect), the analysis of the greenhouse gas emissions produced by a production cycle using compounds from a renewable (biobased) source compared to the use of fossil-based compounds results in a reduction in CO₂ emissions of approximately 1 kg equivalent per m² less than the synthetic product.

-13%

CO₂ emitted into the atmosphere with BioVeg



USE OF NATURAL RESOURCES

Products in the Bioveg family also perform better in terms of abiotic resource depletion potential (ADP), an environmental impact category that measures the extraction of primary resources such as minerals, metals and fossil fuels. In fact, the analysis shows better performance in terms of consumption of non-renewable resources with a reduction of about 20% in fossil fuels and 10% in minerals used for the extraction of raw materials and production processes, respectively.

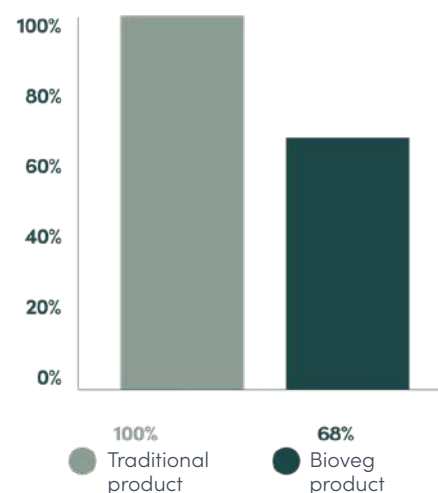
-44%

Natural resources used with BioVeg



OZONE LAYER

Emissions contributing to the depletion of the atmospheric ozone layer are reduced by 32%.



Thinning of the ozone layer with BioVeg

-32%

The comparison of the impacts of producing one meter of material from the BioVeg family compared to tanned leather (collecting standard impacts from public libraries) showed lower environmental impacts. In particular, for the Climate Change category (Global Warming in ILCD 2018), acidification of aquatic environments, eutrophication and use of natural resources. It is clear that the raw material supply, which originates from animal husbandry, is one of the main sources of the significant negative

environmental performance. Finally, the tanning process is strongly linked to the use of chemicals. The second product line with low environmental impact is H2O, a material designed for the production of footwear and clothing without using any kind of chemical solvent, but only innovative water-based resins and microfibres³.

³ For detailed information on the features of the complete product lines, see the following section of the company website: <https://bioveg.coronetspa.it>

The use of solvents

The production process of all material lines produced by Coronet is based on the use and recovery of DMF solvent and water. The Company uses a closed production cycle for DMF, by re-circulating the solvent used. To recover it, a process is used to break down the solvent with water,

which is then sent, through a closed system, to a distillation tower that makes it possible to recover up to 98% of the solvent and water, which are then reintroduced into the production process.

The waste cycle

The main waste generated by Coronet derives from its production activities and consists mainly of waste from composite materials (impregnated fibres, elastomers, plastomers), reaction funds and residues, plastic waste, filter cakes and spent absorbents, absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, various types of packaging, etc. Below is the 2021 breakdown in tonnes of waste by type, divided by end use (recovery and disposal) for the Company's two production plants.





2021

Waste by type in tonnes

	Waste not destined for disposal - R	Waste for disposal - D
Waste from composite materials (impregnated fibres, elastomers, plastomers)	176.900	
Waste from finishing, other than those mentioned in 04 02 14		3.380
Aqueous washing solutions and mother liquors		3.094
Other organic solvents, washing solutions and mother liquors	190	7.180
Other reaction funds and residues	16.200	37.160
Other filter cakes and spent absorbents		20.640
Plastic waste	64.720	
Fuel oil fly ash and boiler dust		1.145
Aqueous washing solutions		15.800
Other engine, gear and lubrication oils	1.260	
Chlorofluorocarbons, HCFCs, HFCs	240	
Paper and cardboard packaging	11.560	
Wood packagin	18.270	
Mixed material packagin	62.500	
Packaging containing residues of or contaminated by hazardous substances	5.200	2.129
Absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, contaminated with hazardous substances	10.470	61.760
Discarded equipment containing hazardous components (2) other than those mentioned in 16 02 09 and 16 02 12	15	
Discarded equipment other than those mentioned in 16 02 09 to 16 02 13	65	

	Waste not destined for disposal - R	Waste for disposal - D
Components removed from discarded equipment, other than those mentioned in 16 02 15	35	
Lead-acid batteries	55	
Nickel-cadmium batteries	20	
Aqueous waste solutions containing hazardous substances		7.977
Aqueous waste solutions other than those mentioned in 16 10 01		78.900
Bituminous mixtures containing coal tar		1.310
Iron and steel	42.990	
Metal waste contaminated with hazardous substances		3.445
Other insulation materials containing or consisting of hazardous substances		530
Other construction and demolition waste (including mixed waste) containing hazardous substances		5.140
Waste that must be collected and disposed of with special precautions to avoid infection	15	45
Sludge from urban wastewater treatment		9.520
Fuorescent tubes and other mercury-containing waste	15	
Total waste	410.720	259.155

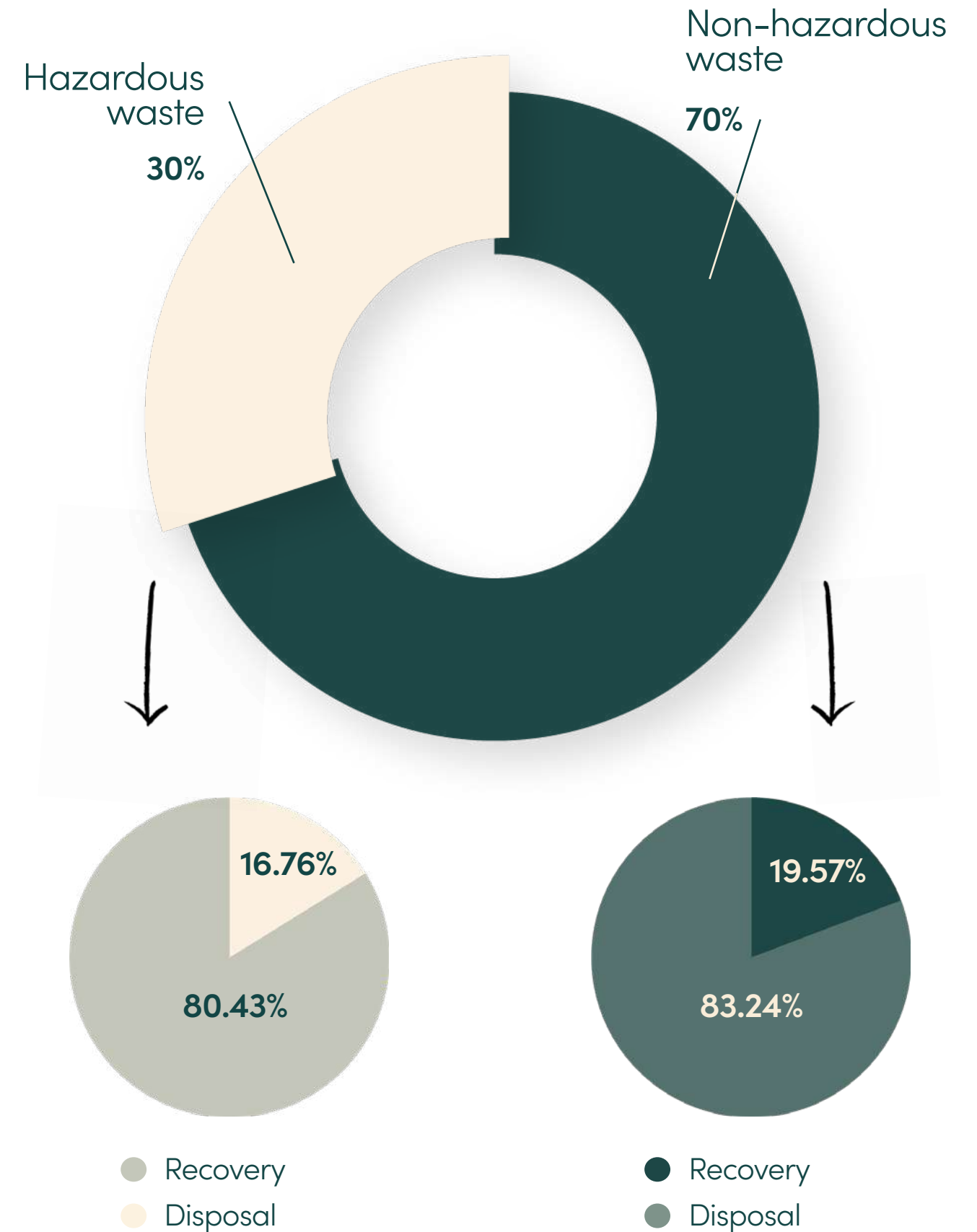


Waste composition*

	2019	2020	2021
Hazardous	140.192	163.682	201.035
Non hazardous	209.200	210.143	468.840
Total waste	349.392	373.825	669.875

* Figures for 2019 and 2020 refer only to the Velletri plant, while 2021 shows the total figure including waste from the Latina plant. For this reason, it is not appropriate to make a time comparison. Type R operations are provided for in the list in Annex C to Part IV of legislative decree 152/06 while type D operations are provided for in the list in Annex B to Part IV of legislative decree 152/06.

All waste produced by the Company is treated in accordance with the relevant laws and regulations. In the year 2021, waste production stood at 669,875 tonnes. 61% is destined for operations other than disposal, while 39% is disposed of. They are mainly non-hazardous (80% of the 70% of these is destined for thermal recovery operations).





Energy and emissions

Coronet's production chain uses electricity, liquefied natural gas (LNG), natural gas from the grid, petrol, diesel and fuel oil. Electricity is used to run machinery and systems, while the other energy sources are used to reach process temperatures in certain processing stages and in the working environment, and petrol is used for the movement of vans and traction vehicles. In this area, various interventions have been carried out.

Electrical efficiency is an extremely important issue for Coronet in terms of reducing the environmental impacts generated. In recent years, the Company has invested in the self-production of electricity through photovoltaic systems; this production is partly used internally and partly fed back into the grid. Part of the energy is bought from local and national suppliers to allow full coverage of energy needs, especially in the Latina and Velletri plants, where production takes place in shifts. Self-production of energy from photovoltaics is 1,197,259.5 kWh and will reach about 30% of the Company's electricity consumption in 2021, having increased production especially during the evening and night hours.

Currently, the purchased energy does not come from renewable sources; however, the Company aims to purchase green energy quotas over the next few years. All three Coronet plants are served by LED lighting systems.

Production and sale of electricity from photovoltaics (kWh)

	2019	2020	2021
Total self-production from photovoltaics	1.212.626,6	1.324.259,5	1.197.547
Of which sold	370.891	401.656	317.672

Coronet also pays special attention to the choice of fuels for energy production. In recent years, it was decided to replace Mazut with LNG at the Velletri plant, thus implementing a sustainable choice with a clear improvement on emissions of t CO², NO_x (nitrogen oxides) and fine dust.

In addition, in 2021, Mazut was also replaced with methane gas at the Latina plant. As a result, fuel oil consumption was significantly reduced at the end of the year compared to previous years (the trend of t CO² emissions decreasing is shown in the graph below).





Fuel and electricity energy balance (GJ)*

TYPE OF CONSUMPTION	PROVENANCE	2019	2020	2021
Fuel consumption	Diesel	229	267	368
	Petrol	42	42	32
	LNG	39.741	35.966	41.390
	Methane Gas	0	0	11.198
	Mazut Fuel Oil	17.559	19.919	7.578
Electricity consumption	Self-generated electricity (PV plant)	11.697	11.284	12.048
	Electricity purchased from third parties	4.365	4.767	4.311
Total energy consumed		73.633	72.245	76.926

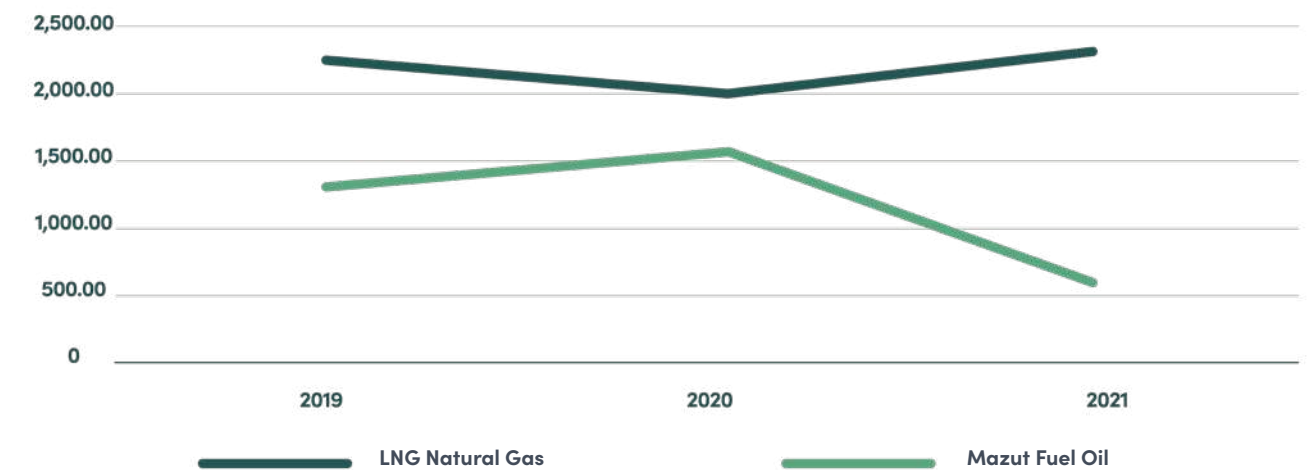
* Sources of conversion factors: for fuels, the FIRE tables for conversion to toe and the conversion factor between toe and gigajoule available from ENEA were used: <https://www.enea.it/it/seguici/le-parole-dellenergia/unita-di-misura/fattori-di-conversione>

Greenhouse Gas Emissions (ton CO² eq.)*

EMISSIONI	2019	2020	2021
Greenhouse Gas Emissions - Direct (Scope 1)	3.599	3.570	3.566
Greenhouse gas emissions - Indirect from electricity (Scope 2) location based	839	810	864
Total emissions	4.438	4.380	4.431

* Emissions from CO₂ were considered. For emissions from fuels, the factor obtained was taken from the UNFCCC - ISPRA (Italian National Institute for Environmental Protection and Research) 2021 National Standard Parameter Table. For emissions from purchased electricity, the factor taken from ISPRA Technical Reports 343/2021 was used.

Emissions trend t CO² eq. LNG and BTZ



Water consumption and water discharge

The water resource withdrawn by Coronet is mainly used for cooling the production plants as well as for civil use by employees and collaborators. As regards supply, water resources are taken directly from wells owned by the Company (two in Velletri and one in Cisterna di Latina). Water then passes through special cooling plants and is subsequently

returned to the wells without any organoleptic or biological impact on the water resource.

Water, therefore, does not enter and is not consumed in the production process. The Company also has an authorization to demineralize the water taken through a plant using osmosis technology.



Water withdrawals from the well

	2019	2020	2021
m³ of water	105.481	88.621	103.771
Change (%)	-0,42%	-15,98%	+17,09%
m³ total water withdrawn/ m² of material produced.	0,038	0,040	0, 0416

5.7 Relations with territory

The Company is committed to developing a strategy aimed at cultivating relations with the territory and the community. To this day, the Company is active in a number of Pro Bono initiatives including donations to Unicef, donations to the Red Cross and the conversion of spending on Christmas gadgets into charitable donations. In order to implement a solid relationship with stakeholders and promote the enhancement of

a collective interest, the Company is considering changing its legal form by acquiring the name 'Benefit Corporation' and subsequently acquiring the 'B-Corp' certification. Coronet could thus officially become an organization that, in addition to its profit objective, contributes to maximizing its positive impact on society, people and the environment.

“Attention to what surrounds us”





6 Goals for the future

*New goals to grow
with continuity and
responsibility*



Coronet intends to continue to invest substantial resources to increase the sustainability of the Company, especially in projects related to improving environmental impacts. For 2022 and the years to come, the Company intends to pursue the objectives described in the table below.



7 Methodological note

This second Sustainability Report is the tool through which Coronet undertakes a reporting process to provide stakeholders with a clear representation of its social and environmental performance, as well as its ability to generate value for the territory.

This reporting practice is intended to be repeated in the coming years with the intention of improving the content and adapting it to Italian and international guidelines. This Report, which constitutes a valid corporate communication tool as well as an additional useful means of information for all stakeholders, refers only to Coronet and considers the Italian organization as the scope of corporate reporting, unless otherwise indicated.

The topics on which the reporting is focused were identified through a variety of initiatives: discussions with members of the Board of Directors and key contact persons of the Company, analysis of Company documentation and analysis of press articles.

The number of reported topics is lower than in the previous year because the categories were re-evaluated and some of them were included in those presented in the specific section of this Sustainability Report. The information contained in the Report refers to the activities carried out from January to December 2021 by Coronet S.p.A in Italy, unless otherwise specified.

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